

LISTING APPLICATION TO  
NEW YORK STOCK EXCHANGE, INC.

CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUR.  
CORPORATION FILE

B-4228  
May 29, 1974

## MCDONALD'S CORPORATION

### 115,000 ADDITIONAL SHARES OF COMMON STOCK CONSISTING OF

A MAXIMUM OF 40,000 SHARES OF COMMON STOCK TO BE ISSUED  
IN EXCHANGE FOR ALL OF THE ASSETS OF SEATTLE FOOD SERVICE  
CORP. AND TACOMA FOOD SERVICE CORP. AND

A MAXIMUM OF 45,000 SHARES OF COMMON STOCK TO BE ISSUED IN  
EXCHANGE FOR THE CAPITAL STOCK OF LINDA GAY CORPORATION

AND

A MAXIMUM OF 30,000 SHARES OF COMMON STOCK TO BE ISSUED IN  
EXCHANGE FOR THE CAPITAL STOCK OF DONLY, INC., LYDON, INC.,  
PURITAS, INC. AND BBS ENTERPRISES, INC.

Number of Shares of Common Stock Issued and Outstanding as of May 14, 1974 39,818,453	Number of Common Stockholders of Record as of May 14, 1974 21,434
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### DESCRIPTION OF TRANSACTIONS

#### SEATTLE-TACOMA

Pursuant to an Agreement and Plan of Reorganization dated April 30, 1974 between McDonald's Corporation (the "Company") and Seattle Food Service Corp. and Tacoma Food Service Corp. and their respective stockholders, Peter G. Tjenos, Geneva P. Tjenos, Charles G. Bez, Darrold E. Kirwan and Charles F. Loeffel (the "Stockholders")—Darrold E. Kirwan is not a stockholder of Tacoma Food Service Corp.—the Company has acquired all of the assets, both tangible and intangible of Seattle Food Service Corp. and Tacoma Food Service Corp.

The consideration to be paid by the Company pursuant to the agreement consists of a number of shares of its common stock determined by dividing \$1,805,000 (plus or minus certain amounts as provided in the Agreement) by 52.475.

The Company will retain 10% of the shares of stock so issued, or in lieu thereof will accept the cash item equivalent, in escrow for two years to secure it against any breach by Seattle Food Service Corp., Tacoma Food Service Corp., or by the Stockholders of any warranty, representation or agreement made by them in connection with the transaction described herein. The Stockholders will be entitled to receive all dividends and other distributions on, and to exercise all voting rights with respect to the shares so retained in escrow. Shares not distributed shall be cancelled.

Included In Exhibit A hereto is a brief description of history and business of the Seattle Food Service Corp and Tacoma Food Service Corp. and in Exhibit B hereto, the recent financial statement of Seattle Food Service Corp. and Tacoma Food Service Corp.

#### SAN BERNARDINO

Pursuant to an Agreement and Plan of Reorganization dated April 29, 1974 between McDonald's Corporation (the "Company"), McDonald's Merger Corporation ("MMC") and Linda Gay Corpora-

tion, Janyce H. Sullivan and the Title Insurance and Trustee Company, Trustee ("Stockholders") Linda Gay Corporation was merged into MMC, a wholly owned subsidiary of the Company.

The consideration to be paid by the Company pursuant to the Agreement consists of a number of shares of its common stock determined by dividing \$2,100,000 (plus or minus certain amounts as provided in the Agreement) by 56.6125.

The Company will retain 10% of the shares of stock so issued, or in lieu thereof will accept the cash item equivalent, in escrow for two years to secure it against any breach by Linda Gay Corporation or by the Stockholders of any warranty, representation or agreement made by them in connection with the transaction described herein. The Stockholders will be entitled to receive all dividends and other distributions on, and to exercise all voting rights with respect to the shares so retained in escrow. Shares not distributed shall be cancelled.

Included in Exhibit A hereto is a brief description of history and business of Linda Gay Corporation and in Exhibit B hereto, the recent financial statement of Linda Gay Corporation.

#### CLEVELAND—BOODEL

Pursuant to an Agreement and Plan of Reorganization dated as of April 30, 1974 between McDonald's corporation (the "Company") McDonald's of Parma Heights 6113 OH, Inc., McDonald's of Brook Park 6114 OH, Inc., McDonald's of Cleveland—Puritas 6115 OH, Inc., and McDonald's Cleveland Mgt., Inc. (wholly owned subsidiaries of the Company, collectively called "Subsidiaries") and Donly, Inc., Lydon, Inc., Puritas, Inc., BBS Enterprises, Inc. (the "Corporations") and their stockholders Donald D. Boodel, Sr., Donald D. Boodel, Jr., Frances J. Boodel and Walter L. Schmidt (the "Stockholders") the Corporations were merged into the Subsidiaries as follows: Donly Inc. merged into McDonald's of Parma Hgts. 6113 OH, Inc., Lydon, Inc. merged into McDonald's of Brook Park 6114 OH, Inc., Puritas, Inc. merged into McDonald's of Cleveland—Puritas 6115 OH, Inc. and BBS Enterprises, Inc. merged into McDonald's Cleveland Mgt., Inc.

The consideration to be paid by the Company pursuant to the Agreement consists of a number of its common stock determined by dividing \$1,486,544 (plus or minus certain amounts as provided in the Agreement) by 56.775.

The Company will retain 10% of the shares of stock so issued, or in lieu thereof will accept the cash equivalent, in escrow for three years to secure it against any breach by the Corporation or by the Stockholders of any warranty, representation or agreement made by them in connection with the transaction described herein. The Stockholders will be entitled to receive all dividends and other distributions on, and to exercise all voting rights with respect to the shares so retained in escrow. Shares not distributed shall be cancelled.

Included in Exhibit A hereto is a brief description of history and business of the Corporations and in Exhibit B hereto, the recent financial statement of the Corporations.

#### PURPOSE OF ACQUISITIONS

The Company believes that the acquisitions are desirable because it will enable the Company to operate directly, rather than through licensees, a number of McDonald's restaurants whose proximity makes possible more economical and efficient operation.

Prior to the commencement of negotiations in connection with the transactions, the Company, through certain of its officers, employees and agents, investigated the financial condition, properties, management and markets of the acquired businesses and the value of the stock and assets which were to be acquired. The Agreements were entered into as a result of arms-length negotiations. The purchase price agreed upon was based upon the underlying value of the assets and earning power of the acquired businesses. No officer, director or principal stockholder of the Company, or any of its subsidiaries, had any direct or indirect beneficial interest in any of the stock or assets being acquired.

For accounting purposes, the acquisitions will be treated as a pooling of interests. Such accounting treatment has been reviewed and approved by Arthur Young & Company, the Company's Independent Certified Public Accountants, as being in accordance with generally accepted accounting principles.

#### RECENT DEVELOPMENTS

Since the latest annual report of the Company, there have been no important developments affecting the Company or its business which have not received publicity.

#### AUTHORITY FOR ISSUANCE

The Board of Directors of the Company approved and ratified the terms of the Agreements for the acquisitions and authorized the issuance of the Common Stock payable in connection therewith on April 1, 1974, concerning the San Bernardino and the Cleveland-Boodel acquisitions, and on April 25, 1974 concerning the Seattle-Tacoma acquisition.

#### OPINION OF COUNSEL

Mr. Donald P. Horwitz, 2111 Enco Drive, Oak Brook, Illinois 60521, General Counsel of the Company, has given his opinion to the effect that: (1) the issuance of the shares of Common Stock of the Company in connection with the acquisition described above has been duly authorized; (2) when delivered either at closing or thereafter in connection with the aforesaid acquisitions, the shares of Common Stock of the Company will be validly issued, fully paid and non-assessable; and no personal liability will attach to the holding of such shares under the existing statutes of Delaware, the state in which the Company is incorporated, or under the existing statutes of Illinois, the state in which the Company's principal office is located; (3) registration of the shares of Common Stock to be issued is not required under the Securities Act of 1933, as amended, because the issuance and delivery of such shares in connection with such acquisition will be in connection with a transaction not involving a public offering under Section 4(2) of such Act; (4) registration of the shares of Common Stock to be issued is not required under the Securities Exchange Act of 1934 because such shares are of a class previously registered under that Act.

#### McDONALD'S CORPORATION

RICHARD J. BOYLAN

Senior Executive Vice President

The New York Stock Exchange, Inc. hereby authorizes for listing, upon official notice of issuance, the following additional shares of Common Stock without par value, of McDonald's Corporation:

a maximum of 40,000 additional shares of Common Stock issuable in exchange for all of the assets of Seattle Food Service Corp. and Tacoma Food Service Corp. and

a maximum of 45,000 additional shares of Common Stock issuable in connection with the merger of Linda Gay Corporation into McDonald's Merger Corporation and

a maximum of 30,000 additional shares of Common Stock issuable in connection with the merger of Donly, Inc., Lydon, Inc., Puritas, Inc. and BBS Enterprises, Inc. into subsidiary corporations of McDonald's Corporation making a total of 41,916,402 shares of Common Stock authorized for listing.

MERLE S. WICK, Vice President  
Division of Stock List

JAMES J. NEEDHAM, Chairman of the Board  
New York Stock Exchange, Inc.

EXHIBITS

EXHIBIT A

HISTORY AND BUSINESS OF THE SEATTLE-TACOMA CORPORATIONS

Seattle Food Service Corp. owns and operates three McDonald's restaurants in Seattle, Washington. Tacoma Food Service Corp. operates four McDonald's restaurants in Tacoma, Washington.

HISTORY AND BUSINESS OF THE SAN BERNARDINO CORPORATION

Linda Gay Corporation owns and operates four McDonald's restaurants in San Bernardino, California, one McDonald's restaurant in Rialto, California and one McDonald's restaurant in Redlands, California.

HISTORY AND BUSINESS OF THE CLEVELAND-BOODEL CORPORATIONS

Donly, Inc., Lydon, Inc. and Puritas, Inc. each own and operate a McDonald's restaurant in the Cleveland, Ohio area. BBS Enterprises, Inc. is a corporation organized to provide management services to the operating companies.

EXHIBIT B

I, President of Tacoma Food Service Corp. and Seattle Food Service Corp. hereby CERTIFY that I have examined the accompanying balance sheets of such Companies as of March 31, 1974 and the Statements of Income for the period ended March 31, 1974 and, in my opinion, such statements present fairly the financial position of said Companies on March 31, 1974, and the results of their operations for the periods indicated in accordance with generally accepted accounting principles applied on a consistent basis.

PETER G. TJENOS

April 30, 1974

TACOMA FOOD SERVICE CORP.  
SEATTLE FOOD SERVICE CORP.

COMBINED BALANCE SHEET  
(Unaudited)

March 31, 1974

ASSETS			
	Tacoma Food Service Corp.	Seattle Food Service Corp.	Total
Current:			
Cash in Banks .....	\$ 23,190.48	\$ 8,223.17	\$ 31,413.65
Cash on Hand .....	3,051.00	1,366.00	4,417.00
Notes Receivable—Employees .....	5,108.31	750.00	5,858.31
Accounts Receivable—Other .....	9,437.29	395.00	9,832.29
Accounts Receivable—Robbery Claims .....	4,555.44	—	4,555.44
Inventories—Food .....	15,417.00	8,071.99	23,488.99
—Paper .....	7,585.00	4,570.11	12,155.11
Gift Certificates .....	192.00	(92.00)	100.00
Total Current Assets .....	68,536.52	23,284.27	91,820.79
Prepays:			
Leases .....	448.78	—	448.78
Taxes .....	11,003.79	9,342.16	20,345.95
Insurance .....	141.60	—	141.60
Franchise Fee—Net .....	21,416.16	27,163.78	48,579.94
	33,010.33	36,505.94	69,516.27
Fixed—Net:			
Equipment and Fixtures .....	52,657.14	105,783.49	158,440.63
Leasehold Improvements .....	6,698.39	5,889.86	12,588.25
	59,355.53	111,673.35	171,028.88
Other:			
Security Deposit .....	60,000.00	45,000.00	105,000.00
Utility and Tax Deposits .....	1,272.00	1,598.14	2,870.14
Franchise Rights .....	15,000.00	30,000.00	45,000.00
Note Receivable—Stockholder .....	—	7,700.00	7,700.00
	76,272.00	84,298.14	160,570.14
Total Assets .....	\$237,174.38	\$255,761.70	\$492,936.08
LIABILITIES			
Current:			
Accounts Payable .....	\$112,787.56	\$ 73,971.67	\$186,759.23
Accrued State and City Business Taxes .....	10,997.83	12,412.27	23,410.10
Accrued Payroll Taxes .....	12,578.75	3,477.06	16,055.81
Accrued Wages Payable .....	9,190.55	13,014.70	12,205.25
Note Payable—Current Portion .....	5,142.48	22,630.80	27,773.28
Total Current Liabilities .....	150,697.17	115,506.50	266,203.67
Term:			
Note Payable—Bank—Net .....	15,831.64	62,852.50	78,684.14
McDonald's Corp. ....	—	182,995.77	182,995.77
	15,831.64	245,848.27	261,679.91
Stockholder's Equity:			
Capital Stock—Issued and Outstanding .....	120,000.00	48,000.00	168,000.00
Undistributed Profits .....	(49,354.43)	(153,593.07)	(202,947.50)
	70,645.57	(105,593.07)	(34,947.50)
Total Liabilities and Stockholders' Equity ...	\$237,174.38	\$255,761.70	\$492,936.08

TACOMA FOOD SERVICE CORP.  
SEATTLE FOOD SERVICE CORP.

COMBINED STATEMENT OF EARNINGS  
(Unaudited)

Three Months Ended March 31, 1974

	Tacoma Food Service Corp.	Seattle Food Service Corp.	Total
Sales .....	\$537,345.19	\$230,465.49	\$767,810.68
Sales Tax Expense .....	(25,515.54)	(11,599.89)	(37,115.43)
Sales Wholesale .....	136.08	694.68	830.76
Total Sales .....	<u>511,965.73</u>	<u>219,560.28</u>	<u>731,526.01</u>
Cost of Sales			
Food Usage .....	198,405.70	89,569.72	287,975.42
Paper Usage .....	19,978.28	8,819.07	28,797.35
Total Cost of Sales .....	<u>218,383.98</u>	<u>98,388.79</u>	<u>316,772.77</u>
Gross Profit .....	293,581.75	121,171.49	414,753.24
Expenses—Schedule .....	245,961.22	144,321.98	390,283.20
	<u>\$ 47,620.53</u>	<u>\$(23,150.49)</u>	<u>\$ 24,470.04</u>
Depreciation & Amortization .....	5,376.24	8,116.83	13,493.07
Net Operating Profit (Loss) .....	<u>42,244.29</u>	<u>(31,267.32)</u>	<u>10,976.97</u>
Other Income & Expense .....	3,298.87	3,908.73	7,207.60
Net Profit (Loss) Before Taxes .....	<u>\$ 38,945.42</u>	<u>\$(35,176.05)</u>	<u>\$ 3,769.37</u>

TACOMA FOOD SERVICE CORP.  
SEATTLE FOOD SERVICE CORP.

## COMBINED EXPENSES

(Unaudited)

Three Months Ended March 31, 1974

	Tacoma Food Service Inc.	Seattle Food Service Inc.	Total
Accounting .....	\$ 9,393.84	\$ 2,415.16	\$ 11,809.00
Legal .....	2,050.00	—	2,050.00
Advertising .....	21,502.56	6,586.81	28,089.37
Giveaway Promotional .....	511.96	439.12	951.08
Insurance .....	5,707.76	1,367.80	7,075.56
Service Manager .....	1,439.10	1,097.80	2,536.90
Service Fee .....	11,263.25	5,489.01	16,752.26
Manager Salaries .....	29,648.95	22,395.15	52,044.10
Other Salaries .....	64,017.05	32,055.80	96,072.85
Payroll Taxes .....	13,633.88	8,523.89	22,157.77
Operating Supplies .....	2,821.79	1,097.80	3,919.59
Building Maintenance & Repairs .....	3,395.73	4,171.65	7,567.38
Linen Service .....	461.97	—	461.97
Office Expense .....	2,259.83	1,097.80	3,357.63
Telephone .....	1,510.90	439.12	1,950.02
Scavenger .....	1,435.90	1,536.92	2,972.82
Travel & Entertainment .....	1,059.11	1,536.92	2,596.03
Misc. Outside Service .....	5,141.07	1,317.36	6,458.43
Rents Paid .....	36,861.53	21,297.35	58,158.88
Utilities .....	7,679.49	5,489.01	13,168.50
State Excise Tax .....	2,245.85	8,437.59	10,683.44
Misc. Expenses .....	63.48	1,854.12	1,917.60
Armored Car Service .....	1,023.93	—0—	1,023.93
Auto Expense—Supervisor .....	486.96	—0—	486.96
Office Rent .....	1,435.89	1,317.36	2,753.25
Leasing Expense .....	3,071.79	2,681.53	5,753.32
Special Services .....	7,188.73	7,684.61	14,873.34
Linen Purchases .....	411.96	658.68	1,070.64
Equipment Expense .....	2,047.86	—	2,047.86
Property Taxes .....	3,952.16	3,114.06	7,066.22
City Business Tax .....	535.10	219.56	754.66
Licenses .....	175.00	—	175.00
Theft Expense .....	1,526.84	—	1,526.84
Total Expense .....	<u>\$245,961.22</u>	<u>\$144,321.98</u>	<u>\$390,283.20</u>

I, JANYCE H. SULLIVAN, President of Lynda-Gay Corporation, hereby certify that I have examined the accompanying balance sheet of Linda-Gay Corporation as of February 28, 1974 and the statement of income of Linda-Gay Corporation for the period ended February 28, 1974, and that, in my opinion, said statements present fairly the financial operations for the period then ended.

JANYCE H. SULLIVAN

April 29, 1974

LYNDA-GAY CORPORATION

BALANCE SHEET

February 28, 1974

ASSETS

Current assets

Cash (Schedule 1) .....	\$ 76,620.93
Accounts and notes receivable (Schedule 2) .....	8,046.62
Food inventory .....	18,935.63
Paper inventory .....	6,497.00
Prepaid general insurance .....	4,053.00
Prepaid unsecured property taxes .....	3,654.60
Prepaid federal and state income taxes .....	104,406.71
Prepaid rent, stores .....	11,250.00
Prepaid rent, office .....	1,012.50
Marketable securities (Schedule 3) .....	58,813.95
Total current assets .....	\$ 293,290.94

Fixed assets

Equipment .....	\$395,842.43
Signs .....	66,173.45
Leasehold improvements .....	365,338.69
Automotive equipment .....	2,707.45
	<u>\$830,062.02</u>
Less accumulated depreciation and amortization .....	325,354.45
	504,707.57

Other assets

Unamortized financing expense .....	\$ 38,649.00
Deposits, McDonalds (Schedule 4) .....	98,188.00
Deposits, other .....	325.00
Investments in limited partnerships (Schedule 5) .....	12,989.74
Real estate, net of \$1,033.67 amortization taken .....	72,513.33
Franchise fees, net of \$25,347.65 amortization taken .....	<u>49,652.35</u>
	272,317.42
Total assets .....	<u>\$1,070,315.93</u>

(Unaudited)

## LYNDA-GAY CORPORATION

## BALANCE SHEET

February 28, 1974

## LIABILITIES AND STOCKHOLDERS' EQUITY

## Current liabilities

Accounts payable .....	\$ 6,583.51
Labor taxes payable .....	5,148.45
Sales tax payable .....	13,681.64
Real property taxes payable .....	3,927.81
Workmen's compensation insurance payable .....	616.01
Wages payable .....	100,852.39
Federal income tax payable .....	17,861.63
Current portion of long term debt .....	14,857.48
Total current liabilities .....	\$ 163,528.92

## Long term debt

Note payable, Bank of California, secured by 40th Street store equipment .....	\$ 40,444.56
Mortgage note payable, T. J. Bettis Co., secured by Ventura County real estate .....	90,175.34
	<u>\$130,619.90</u>
Less current portion .....	14,857.48
	<u>115,762.42</u>

## Stockholders' equity

Common stock; 10,000 shares of \$1.00 par value issued and outstanding .....	\$ 10,000.00
Retained earnings, July 1, 1973 .....	734,885.31
Net income from July 1, 1973 through February 28, 1974 .....	46,139.28
	<u>791,024.59</u>

Total liabilities and stockholders' equity .....	<u><u>\$1,070,315.93</u></u>
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(Unaudited)

## LINDA-GAY CORPORATION

## INCOME STATEMENT

For the Period July 1, 1973 Through February 28, 1974

Net sales .....		\$2,284,467.21
Cost of food sales .....	\$871,590.05	
Cost of paper sales .....	90,831.21	962,421.26
Gross profit on sales .....		<u>\$1,322,045.95</u>
Operating expenses		
Rents .....	\$182,816.91	
Service fees .....	53,826.43	
Linen .....	9,543.45	
Operating supplies .....	32,634.76	
Repairs and maintenance .....	19,637.58	
Employees meals .....	13,656.67	
Cash short .....	2,315.95	
Taxes and licenses .....	75,541.71	
Depreciation and amortization .....	45,198.36	
Salaries and wages .....	646,515.99	
Insurance .....	24,472.91	
Telephone .....	1,798.69	
Utilities .....	35,064.24	
Office supplies .....	883.62	
Travel .....	7,758.41	
Advertising and promotion .....	82,700.47	
Legal and outside accounting .....	7,609.24	1,241,975.39
Net operating income .....		<u>\$ 80,070.56</u>
Other income		
Interest earned .....	\$ 7,444.72	
Gain on assets sold .....	17,470.83	
Dividends received .....	50.00	
Partnership income (loss) .....	(10,998.50)	13,967.05
		<u>\$ 94,037.61</u>
Interest expense .....		8,057.00
Net income before income taxes .....		<u>\$ 85,980.61</u>
Federal and state income taxes .....		39,841.33
Net income .....		<u>\$ 46,139.28</u>
Net income per common share .....		<u>\$ 4.61</u>
(Unaudited)		

## LINDA-GAY CORPORATION

## SCHEDULES SUPPORTING STATEMENT OF FINANCIAL CONDITION

For the Period July 1, 1973 Through February 28, 1974

## Cash, Schedule 1

Cash in Bank of California—General .....	\$68,545.93
Cash in Bank of California—Payroll .....	1,000.00
Cash in Bank of California—Sales tax deposit .....	3,500.00
Change funds .....	3,275.00
Petty cash .....	300.00
	<u>\$76,620.93</u>

## Accounts and notes receivable, Schedule 2

Unsold gift certificates .....	\$ 427.50
Refund receivable, County of San Bernardino personal property tax .....	577.57
Account receivable, Janyce H. Sullivan .....	28.73
Note receivable, Russell Olsen, including accrued interest of \$115.40 calculated at 10% of the average unpaid balance .....	1,094.40
Note receivable, Seymour Meadows, including accrued interest of \$118.42 at 7% simple interest .....	5,918.42
	<u>\$ 8,046.62</u>

(Unaudited)

## LINDA-GAY CORPORATION

## SCHEDULES SUPPORTING STATEMENT OF FINANCIAL CONDITION

For the Period July 1, 1973 Through February 28, 1974

	Market or Other Agreed Upon Value	Cost or Book Value
Marketable securities, Schedule 3		
McDonald's Corporation common stock; 1,400 shares .....	\$ 79,257.50	\$20,977.00
International Systems and Controls common stock; 400 shares .....	14,500.00	9,400.00
Whittaker Corporation 10% subordinated debentures due 7-1-88; 14,500 units .....	12,325.00	17,980.00
State of California, County of Mendocino, Brooktrails Resort Improve- ment District Bonds:		
2—Series 68-1C, 6%, due 7-2-78 .....	1,856.00	1,908.97
4—Series 69-1D, 6%, due 7-2-79 .....	3,696.00	3,739.00
2—Series 68-1F, 6%, due 7-2-77 .....	1,866.00	1,909.12
3—Series 69-1D, 6%, due 7-2-76 .....	2,814.00	2,899.86
	<u>\$116,314.50</u>	<u>\$58,813.95</u>
Deposits, McDonald's, Schedule 4		
Security deposits .....		\$90,000.00
Deposit, beef cost, to be credited against future advertising .....		8,188.00
		<u>\$98,188.00</u>
Investments in limited partnerships, Schedule 5		
	Cost	Book Value
Century Property Fund—1970 .....	\$ 50,000.00	\$
Century Property Fund—1972 .....	15,000.00	18,640.76
Property Research Corporation		
College Grove Fund .....	11,322.11	
Scott Valley Properties .....	11,000.00	(5,651.02)
	<u>\$ 87,322.11</u>	<u>\$12,989.74</u>

(Unaudited)

I, Donald D. Boodel, Sr., President of Donly, Inc., Lydon, Inc., Puritas, Inc., and B.B.S. Enterprises, Inc., all Ohio corporations, hereby certify that I have examined the accompanying Balance Sheets of said companies as of March 31, 1974 and the Statements of Income for the period ended March 31, 1974 and, in my opinion, said statements present fairly the financial position of said Companies on March 31, 1974 and the results of their operations for the periods indicated, in accordance with generally accepted accounting principles applied on a consistent basis.

DONALD D. BOODEL, SR.  
*President*

April 30, 1974  
Chicago, Illinois

BOODEL CORPORATIONS  
(Affiliated by Common Ownership)

BALANCE SHEET

March 31, 1974  
(Unaudited)

ASSETS

	Donly, Inc.	Lydon, Inc.	Puritas, Inc.	Total	B. B. S. Enterprises, Inc.	Intercompany Eliminations	Combined Total
<b>Current Assets</b>							
Cash .....	\$ 19,670	\$ 31,682	\$ 21,873	\$ 73,225	\$ 20,821	\$ —	\$ 94,046
Due from officer .....	—	2,000	2,000	4,000	—	—	4,000
Intercompany receivable .....	—	—	—	—	139,562	(139,562)	—
Other receivables .....	380	—	59	439	56	—	495
Inventories—Food and paper (At lower of cost, on first-in, first-out basis, or market) .....	6,960	11,407	7,423	25,790	—	—	25,790
Inventory of operating supplies ....	1,597	955	718	3,270	—	—	3,270
Prepaid insurance .....	1,140	1,180	1,125	3,445	—	—	3,445
Gift certificates on hand .....	682	285	729	1,696	—	—	1,696
Deposits—Insurance and utilities ..	900	1,221	1,381	3,502	1,574	—	5,076
Total current assets .....	<u>\$ 31,329</u>	<u>\$ 48,730</u>	<u>\$ 35,308</u>	<u>\$115,367</u>	<u>\$162,013</u>	<u>\$ (139,562)</u>	<u>\$137,818</u>
<b>Property and Equipment (At Cost)</b>							
Equipment and furnishings .....	\$ 24,245	\$ 41,113	\$ 35,601	\$100,959	\$ 2,273	\$ —	\$103,232
Leasehold improvements .....	121,483	76,282	28,544	226,309	—	—	226,309
Signs .....	13,846	16,151	9,500	39,497	—	—	39,497
Total cost .....	<u>\$159,574</u>	<u>\$133,546</u>	<u>\$ 73,645</u>	<u>\$366,765</u>	<u>\$ 2,273</u>	<u>\$ —</u>	<u>\$369,038</u>
Less—Accumulated depreciation ..	56,694	90,430	26,907	174,031	1,142	—	175,173
Net property and equipment	<u>\$102,880</u>	<u>\$ 43,116</u>	<u>\$ 46,738</u>	<u>\$192,734</u>	<u>\$ 1,131</u>	<u>\$ —</u>	<u>\$193,865</u>
<b>Other Assets</b>							
Rent security deposit .....	\$ 15,000	\$ 15,000	\$ 15,000	\$ 45,000	\$ —	\$ —	\$ 45,000
License fee, less accumulated amor- tization .....	1,500	812	2,700	5,012	—	—	5,012
Organization expense, less accumu- lated amortization .....	—	—	160	160	—	—	160
Total other assets .....	<u>\$ 16,500</u>	<u>\$ 15,812</u>	<u>\$ 17,860</u>	<u>\$ 50,172</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50,172</u>
Total Assets .....	<u><u>\$150,709</u></u>	<u><u>\$107,658</u></u>	<u><u>\$ 99,906</u></u>	<u><u>\$358,273</u></u>	<u><u>\$163,144</u></u>	<u><u>\$ (139,562)</u></u>	<u><u>\$381,855</u></u>

BOODEL CORPORATIONS  
(Affiliated by Common Ownership)

BALANCE SHEET

March 31, 1974  
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Donly, Inc.	Lydon, Inc.	Puritas, Inc.	Total	B. B. S. Enterprises, Inc.	Intercompany Eliminations	Combined Total
<b>Current Liabilities</b>							
Accounts payable .....	\$ 8,822	\$ 11,451	\$ 8,813	\$ 29,086	\$ 934	\$ —	\$ 30,020
Intercompany payables .....	41,343	29,416	68,803	139,562	—	(139,562)	—
Accrued expenses							
Salaries and wages .....	—	—	—	—	61,354	—	61,354
Professional fees .....	4,115	4,115	4,115	12,345	8,615	—	20,960
Rent and license fees .....	3,266	3,721	2,981	9,968	—	—	9,968
Real estate taxes (Additional rent)	1,595	2,410	2,390	6,395	—	—	6,395
Other expenses .....	5,623	4,582	5,863	16,068	5,057	—	21,125
Income taxes payable .....	—	63	273	336	2,294	—	2,630
Notes payable—Installment insurance premium loans .....	862	890	850	2,602	—	—	2,602
Current maturities of long-term debt	22,917	6,244	—	29,161	25,000	—	54,161
Distributions payable—Subchapter "S" undistributed taxable income	—	20,009	—	20,009	—	—	20,009
<b>Total current liabilities</b> ....	<u>\$ 88,543</u>	<u>\$ 82,901</u>	<u>\$ 94,088</u>	<u>\$265,532</u>	<u>\$103,254</u>	<u>\$(139,562)</u>	<u>\$229,224</u>
<b>Long-Term Debt</b>	<u>\$ 77,500</u>	<u>\$ 6,244</u>	<u>\$ —</u>	<u>\$ 83,744</u>	<u>\$ 35,417</u>	<u>\$ —</u>	<u>\$119,161</u>
Less—Current maturities (See above) .....	22,917	6,244	—	29,161	25,000	—	54,161
<b>Total long-term debt</b> .....	<u>\$ 54,583</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 54,583</u>	<u>\$ 10,417</u>	<u>\$ —</u>	<u>\$ 65,000</u>
<b>Shareholders' Equity</b>							
Regular corporations .....	\$ —	\$ —	\$ 5,818	\$ 5,818	\$ 49,473	\$ —	\$ 55,291
Small business corporations .....	7,583	24,757	—	32,340	—	—	32,340
<b>Total shareholders' equity</b> ..	<u>\$ 7,583</u>	<u>\$ 24,757</u>	<u>\$ 5,818</u>	<u>\$ 38,158</u>	<u>\$ 49,473</u>	<u>\$ —</u>	<u>\$ 87,631</u>
<b>Total Liabilities and Shareholders' Equity</b> .....	<u>\$150,709</u>	<u>\$107,658</u>	<u>\$ 99,906</u>	<u>\$358,273</u>	<u>\$163,144</u>	<u>\$(139,562)</u>	<u>\$381,855</u>

BOODEL CORPORATION  
(Affiliated by Common Ownership)

STATEMENT OF INCOME

Year Ended March 31, 1974  
(Unaudited)

	Donly, Inc.	Lydon, Inc.	Puritas, Inc.	Total	% of Combined Net Sales	B.B.S. Enterprises, Inc.	Intercompany Eliminations	Combined Total
Net Sales (and management service fee income—B.B.S. Enterprises, Inc. only) . . . .	\$678,752	\$754,881	\$711,227	\$2,144,860	100.00%	\$343,066	\$(343,066)	\$2,144,860
Less Cost of Sales								
Food costs . . . . .	\$264,850	\$295,264	\$281,105	\$ 841,219	39.22%	\$ —	\$ —	\$ 841,219
Paper costs . . . . .	26,533	29,273	27,577	83,383	3.89	—	—	83,383
Total cost of sales . . . . .	\$291,383	\$324,537	\$308,682	\$ 924,602	43.11%	\$ —	\$ —	\$ 924,602
% of net sales . . . . .	42.93%	42.99%	43.40%	43.11%				
Gross Profit on Sales (and operating income—B.B.S. Enterprises, Inc. only) . . . . .	\$387,369	\$430,344	\$402,545	\$1,220,258	56.89%	\$343,066	\$(343,066)	\$1,220,258
Operating Expenses								
Controllable expenses . . . .	\$171,137	\$169,064	\$178,851	\$ 519,052	24.20%	\$142,333	\$ —	\$ 661,385
Noncontrollable expenses . .	211,832	221,978	221,979	655,789	30.57	186,339	(347,796)	494,332
Total operating expenses . . . . .	\$382,969	\$391,042	\$400,830	\$1,174,841	54.77%	\$328,672	\$(347,796)	\$1,155,717
Income from Operations . . . . .	\$ 4,400	\$ 39,302	\$ 1,715	\$ 45,417	2.12%	\$ 14,394	\$ 4,730	\$ 64,541
Other income (expense) . . .	(3,101)	—	—	(3,101)	(.14)	5,530	(4,730)	(2,301)
Income Before Pension Plan Contribution . . . .	\$ 1,299	\$ 39,302	\$ 1,715	\$ 42,316	1.98%	\$ 19,924	\$ —	\$ 62,240
Pension plan contribution . .	—	—	—	—	—	9,394	—	9,394
Income Before Income Taxes . . .	\$ 1,299	\$ 39,302	\$ 1,715	\$ 42,316	1.98%	\$ 10,530	\$ —	\$ 52,846
Income taxes								
Federal . . . . .	\$ —	\$ —	\$ 373	\$ 373	.02%	\$ 2,294	\$ —	\$ 2,667
City . . . . .	13	393	17	423	.02	105	—	528
Total income taxes . . . .	\$ 13	\$ 393	\$ 390	\$ 796	.04%	\$ 2,399	\$ —	\$ 3,195
Net Income for Year . . . .	\$ 1,286	\$ 38,909	\$ 1,325	\$ 41,520	1.94%	\$ 8,131	\$ —	\$ 49,651
	(Page 5)	(Page 5)	(Page 4)			(Page 4)		
Earnings Per Share (based on outstanding shares) . . . . .	\$10.72	\$216.16	\$11.04			\$45.17		